

Agenda Report

TO: City Council

November 4, 2002

FROM: City Manager

SUBJECT: Opposition to Proposition 51, "Transportation. Distribution of Existing Motor Vehicle Sales and Use Tax. Initiative Statute."

RECOMMENDATION

It is recommended that the City Council:

1. Oppose Proposition 51, "Transportation. Distribution of Existing Motor Vehicle Sales and Use Tax. Initiative Statute"; and
2. Authorize the Mayor to communicate the City's position to the appropriate parties.

BACKGROUND

Proposition 51, "Transportation. Distribution of Existing Motor Vehicle Sales and Use Tax. Initiative Statute" will appear on the November 5, 2002 ballot. This initiative would redirect to transportation-related purposes 30 percent of the sales tax revenue from the lease and sale of new and used motor vehicles that currently goes to general fund supported programs. The measure would dedicate about \$420 million in 2002 – 2003, \$910 million in 2003 – 2004, and increasing amounts annually thereafter.

While this ballot measure would provide funding to transportation programs, the money would come from the State's general fund thereby diverting funds from other general fund dependent programs, including potentially the vehicle license fee backfill. Due to the financial uncertainties facing the State at this time, it would not appear that diversion of general fund monies for any purpose would be beneficial to cities.


One failing of this proposition is that it earmarks large amounts of funding for pre-selected projects leaving fewer dollars available for competitive projects. Some examples of the earmarked funding in the proposition are:

- \$10 million per year during years 2003-04 to 2006-07 to the City and County of San Francisco Golden Gate Park Concourse Authority for improvements to the Music Concourse area of Golden Gate Park.
- \$10 million per during years 2003-04 to 2007-08 to the City of Irvine for the development, construction, and acquisition and operation of remote airport terminals.
- \$12.5 million per year during years 2003-04 to 2009-10 to the Department of Transportation for improvements to Highway 110 from its existing northerly terminus to Los Angeles Union Station via a northern extension to Interstate 10.
- \$5 million for the construction of a new interchange to replace the existing interchange on Interstate 5 at Laval Road.
- \$10 million per year during the years 2003-04 to 2010-11 for implementation of congestion relief projects along U.S. 101 between State Route 23 and State Route 170.

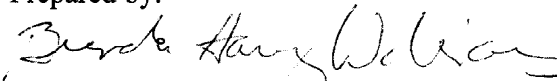
FISCAL IMPACT

The specific fiscal impact this proposition would have on Pasadena is not known at this time. However, because the measure would earmark general fund dollars for specific purposes, it could harm Pasadena and all local governments that rely on general fund dollars from the State.

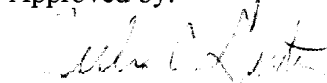
Respectfully submitted,


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